European Commission
Directorate-general of Agriculture

Newsletter

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Simplifying the management of the CAP: new initiatives

For years simplification has been one of the guiding principles of the process of CAP reform[1], the aim being to simplify rules and procedures, cutting red tape for farmers, operators and the authorities, whilst making agricultural legislation clearer, more transparent and more accessible. The Agriculture Council meeting on 23 October welcomed the oral progress report by Commissioner Franz Fischler on the Commission's work in this area and the new initiatives announced.

These initiatives include:

- A draft proposal for a simplified small farmers' scheme, under which they would receive yearly flat-rate direct payments, will shortly be presented to the Commission by Commissioner Fischler.
- A number of proposals presented by the Member States and examined by the Commission which aim at real simplification, do not increase the risk of fraud or abuse and do not increase expenditure, such as:
  - a relaxation of the rules concerning the minimum area for compulsory set-aside along watercourses and lakes in the interest of environmental protection, provided there is no extra cost to the Community budget;
  - the possibility for Member States to take into account traditional aspects of the landscape (hedges and low walls, etc.) in declared areas, provided there is no extra cost to the Community budget;
  - clarification of the rules on non-application of penalties in cases where an error in a farmer's declaration is to his own detriment;
  - the possibility, currently being studied by the Commission, of developing (in the beef sector in particular) one single control inspection per farm rather than multiple inspections for each aid scheme separately.

The Commission has also already studied the more than 200 simplification proposals put forward by the Member States' payment agencies. It will shortly set up an ad hoc working party to coordinate simplification work. Efforts in this area in recent years have resulted, among other things, in:

- the adoption of a number of new and much simpler regulations, in particular on export refunds and licences;
- the introduction of a harmonised system making it possible for the Commission and Member States to exchange information on export refunds by electronic means;
- the possibility for Member States to try out a "claim-less" system for the payment of certain animal premiums without application from farmers.

A viable solution to the banana dispute

The General Affairs Council meeting on 9 October saw the communication presented by the Commission on 4 October[2] as providing a viable solution to the WTO dispute over the Community banana import regime. The document follows the main thrust of the proposal already submitted on 10 November 1999[3]. Under the proposed solution, the procedure for managing access to A, B and C quotas (see box below) would be on a "first come, first served"(FCFS) basis; the maximum customs duty for the C quota would be EUR 300/tonne; the maximum tariff preference for ACP banana imports would be increased to EUR 300/tonne instead of the EUR 275/tonne initially proposed. Since it is compatible with WTO rules, the FCFS regime provides a sound alternative to the present system.

The new Commission approach is as follows:

- Initially, the C quota tariff would be EUR 300/t, with the possibility of lowering it. This flexible approach should provide access to the quota for non-ACP countries as well.
- The tariff preference for ACP countries would be EUR 300/tonne (see box below), which should not jeopardise those countries' opportunities for access to the Community market.
- The FCFS system would apply to all tariff quotas and involve the following:
  - a pre-allocation procedure based on operators declaring their intention to import, with the declaration indicating the quantity, the point of entry into Community territory and the date of arrival. This procedure is open to all operators and all countries of origin.

(continued on page 2)

(1) See Newsletter No 11.
(2) COM(2000) 621 final.
(3) See Newsletter No 17.

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– compulsory identification of the product and vessel when the declaration of intention to import is lodged, and a security amount sufficiently high to deter speculation and fraud.

First come, first served: the advantages

The FCFS system is designed to be fully compatible with WTO rules; it takes account of the interests of the most remote producer countries and the need to facilitate commercial operations. It is a straightforward, flexible and transparent way of administering quotas and puts all operators and all producer countries on an equal footing. It is already being applied to other products, and provided the specific requirements of food as perishable as bananas are taken into account, the FCFS system would enable the commercial interests involved to be reconciled given that no agreement on an alternative proposal has been forthcoming. Drawn up after numerous contacts with the parties involved, the Commission proposal should enable the banana dispute to be settled.

Tariff quotas and tariff preference

- The A quota (2.2 million tonnes) was laid down under the GATT (1994 Agreement on Agriculture). The B quota (353 000 tonnes) was opened as an autonomous quota by the Community in 1995 following the accession of Austria, Finland and Sweden. The C quota is new. Set at 850 000 tonnes, it would be open to all countries. These three quotas are tariff quotas because they are linked to a fixed customs duty amount (in the Commission proposal, this amount is EUR 75/t for the A and B quotas and EUR 300/t for the C quota).
- The tariff preference for ACP bananas means that imports from those countries would enjoy a reduced customs duty, both within and outside the quotas. Under the Commission proposal, this reduction would be EUR 300. Thus, for imports under tariff quota (see above), the duty would be zero for ACP countries. Outside the quotas, the full duty is EUR 680 and this amount would therefore be reduced to EUR 380 for ACP countries.

News in brief

SAPARD in the starting block

On 25 October the STAR Committee (Committee on Agricultural Structures and Rural Development) approved three programmes under SAPARD (Special Accession Programme for Agriculture and Rural Development) [1] covering Estonia, Lithuania and Slovakia. The programmes for six other applicant countries of central and eastern Europe (Bulgaria, Hungary, Latvia, Poland, the Czech Republic and Slovenia – see Newsletter No 26) were formally approved by the Commission in October. This leaves Romania, whose rural development plan will be submitted to the STAR Committee shortly. Once the programmes have been adopted by the Commission, financial agreements will have to be concluded and SAPARD paying agencies set up as soon as possible so that funds can be mobilised and project selection can begin. Projects are already at a very advanced stage of preparation in most applicant countries.

(1) For more information on these programmes, see press release IP/00/1211 on http://www.europa.eu.int/rapid/start/welcome.htm

Call for dialogue in WTO talks

Participating as the first EU Commissioner in a Cairns Group Ministerial Meeting [1] in Banff (Canada) on 11 October, Mr Fischler called on the representatives of the Cairns countries to have a constructive dialogue in the WTO farm trade talks, as the Community itself was willing to do. He rejected the charge of protectionism often levelled against the EU, stating that it had the largest share of agricultural imports in the world and a farm trade deficit with the Cairns countries of EUR 16 billion, and that a Commission proposal to open the Community market to all products from the least developed countries (LDCs) was currently before the Council. He added that the CAP had been substantially reformed over the last decade and the EU's desire to include the environment, rural development and food safety in the WTO negotiations was by no means just a smokescreen to increase barriers to trade.

(1) Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

DG AGRI: new head of information policy

The Agriculture DG says a big "thank you" to Mrs Stella Zervoudaki, who has been appointed head of the Commission delegation in Uruguay after three years in charge of the unit for information policy on agriculture and rural development. She is succeeded by Mr Frank Leguen de Lacroix, formerly head of the personnel and administration unit, who since joining the Commission in 1978 has held a number of posts including those of assistant and adviser to the Director-General.

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For further information: Rue de la Loi 200, B-1049 Bruxelles/Wetstraat 200, B-1049 Brussel - Belgium - Office: L/130-4/148A
Telephone: direct line (+32-2) 295 32 40, exchange (+32-2) 299 11 11. Fax: (+32-2) 295 75 40.
Telex: COMEU B 21877. Internet: <http://europa.eu.int/comm/dg06/index.htm>
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